

## Message Text

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44

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 SCEM-02 COME-00 INT-08 TRSE-00

OMB-01 AID-20 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

OPIC-12 RSR-01 /133 W

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R 082315 Z MAY 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9732

LIMITED OFFICIAL USE CARACAS 3918

EO 11652: N/ A

TAGS: ENRG VE

SUBJECT: CALDERA COMMENTS ON SERVICE CONTRACTS AND ORINOCO  
PETROLEUM BELT

1. PRESIDENT CALDERA, IN AN ADDRESS AT INAUGURATION MAY 7 OF ANNUAL MEETING OF FEDERATION OF CHAMBERS OF COMMERCE, REPORTEDLY SAID THAT PETROLEUM SERVICE CONTRACT EXPERIMENT HAS NOT BEEN A FAILURE EVEN THOUGH NO OIL HAS YET BEEN FOUND IN SERVICE CONTRACT AREA OF SOUTH LAKE MARACAIBO. CALDERA SAID EXPERIMENT DEMONSTRATED TWO THINGS: FIRST, THAT OIL COMPANIES HAVE AN INTEREST IN ACCEPTING CONDITIONS AND ARE DESIROUS OF FINDING OIL UNDER THE REGIME THAT COUNTRY ESTABLISHES IN ITS SOVEREIGNTY; AND, SECOND: THAT VENEZUELA WORKED WITH PRUDENCE TO ESTABLISH A SYSTEM IN WHICH IT DID NOT SUFFER ANY LOSS NOR ANY DAMAGE TO ITS PATRIMONY, AND CREATED INCENTIVES FOR EXPLORATION, WHICH HAS ALWAYS BEEN CONSIDERED AN ACTIVITY OF HIGH RISK.

2. IN SAME ADDRESS, CALDERA MADE ANOTHER STATMENT OF POLICY ON DEVELOPMENT OF ORINOCO PETROLEUM BELT.  
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DESCRIBING BELT AS MOST IMPORTANT PETROLEUM RESERVE  
IN WESTERN HEMISPHERE, HE SAID THAT FOR ITS DEVELOP-  
MENT VENEZUELA COULD NOT ENTER INTO ARRANGEMENTS THAT  
THREATENED NATIONAL SOVEREIGNTY.

3. COMMENT: CALDERA'S FAVORABLE COMMENTS ON SERVICE  
CONTRACTS MAY SIGNAL POSSIBLE INTENTION OF USING  
SERVICE CONTRACTS, OR SIMILAR MECHANISMS, TO OPEN  
UP NEW AREAS TO PETROLEUM EXPLORATION BY INTERNATIONAL  
OIL COMPANIES. THIS WOULD NOT BE CHANGE IN POLICY  
SINCE GOVERNMENT HAS NOT SPOKEN AGAINST SERVICE  
CONTRACTS BUT MIGHT BE CHANGE IN SIGNALS, SINCE  
PRESS SPECULATION WHICH SEEMED TO EMANATE FROM  
UNIDENTIFIED SOURCES IN MINISTRY OF MINES AND HYDRO-  
CARBONS, AFTER INITIAL SERVICE CONTRACTS WERE AWARDED  
IN 1971, SUGGESTED THAT THOSE MIGHT WELL BE LAST  
SERVICE CONTRACTS EVER AWARDED IN VENEZUELA. IMPLI-  
CATION WAS THAT EVEN MORE FAVORABLE FORMULAE, SUCH  
AS JOINT VENTURES, WOULD BE WAVE OF THE FUTURE.

4. CALDERA'S DESCRIPTION OF SERVICE CONTRACTS AS  
CONSISTENT WITH VENEZUELA'S SOVEREIGNTY, IN SAME  
MESSAGE WHICH SAID WHATEVER METHODS USED TO DEVELOP  
ORINOCO PETROLEUM BELT MUST NOT THREATEN NATIONAL  
SOVEREIGNTY, SUGGESTS POSSIBILITY THAT CALDERA IS CON-  
SIDEREING SERVICE CONTRACTS AS ONE APPROPRIATE MEANS  
THAT COULD BE USED TO DEVELOP ORINOCO PETROLEUM BELT.  
MCCLINTOCK

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\*\*\* Current Handling Restrictions \*\*\* n/a  
\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE  
@@@OASYS@@@<CONCATENATED>

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DESCRIBING BELT AS MOST IMPORTANT PETROLEUM RESERVE IN WESTERN HEMISPHERE, HE SAID THAT FOR ITS DEVELOPMENT VENEZUELA COULD NOT ENTER INTO ARRANGEMENTS THAT THREATENED NATIONAL SOVEREIGNTY.

3. COMMENT: CALDERA'S FAVORABLE COMMENTS ON SERVICE CONTRACTS MAY SIGNAL POSSIBLE INTENTION OF USING SERVICE CONTRACTS, OR SIMILAR MECHANISMS, TO OPEN UP NEW AREAS TO PETROLEUM EXPLORATION BY INTERNATIONAL OIL COMPANIES. THIS WOULD NOT BE CHANGE IN POLICY SINCE GOVERNMENT HAS NOT SPOKEN AGAINST SERVICE CONTRACTS BUT MIGHT BE CHANGE IN SIGNALS, SINCE PRESS SPECULATION WHICH SEEMED TO EMANATE FROM UNIDENTIFIED SOURCES IN MINISTRY OF MINES AND HYDROCARBONS, AFTER INITIAL SERVICE CONTRACTS WERE AWARDED IN 1971, SUGGESTED THAT THOSE MIGHT WELL BE LAST

SERVICE CONTRACTS EVER AWARDED IN VENEZUELA. IMPLICATION WAS THAT EVEN MORE FAVORABLE FORMULAE, SUCH AS JOINT VENTURES, WOULD BE WAVE OF THE FUTURE.

4. CALDERA'S DESCRIPTION OF SERVICE CONTRACTS AS CONSISTENT WITH VENEZUELA'S SOVEREIGNTY, IN SAME MESSAGE WHICH SAID WHATEVER METHODS USED TO DEVELOP ORINOCO PETROLEUM BELT MUST NOT THREATEN NATIONAL SOVEREIGNTY, SUGGESTS POSSIBILITY THAT CALDERA IS CONSIDERING SERVICE CONTRACTS AS ONE APPROPRIATE MEANS THAT COULD BE USED TO DEVELOP ORINOCO PETROLEUM BELT. MCCLINTOCK

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 24 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24-Jan-2002 by martinjw>; APPROVED <13 FEB 2002 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Status:** <DBA CORRECTED> mcm 971223  
**Subject:** CALDERA COMMENTS ON SERVICE CONTRACTS AND ORINOCO PETOLEUM BELT  
**TAGS:** ENRG, VE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005